

BusinessPlus+ Newsletter



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Issue – June 2017

Time for Business Plans Again!

June is a great month for sitting down and thinking about the future of your business operations.

We suggest that you start with some “thinking” with your key people to identify the issues that are of concern and the opportunities that appear to be available to your business. Many businesses undertake this “thinking review” as a “retreat planning meeting” away from the business and the normal day to day activities so that all of the participants are fully tuned in to the development of appropriate strategies for the next one to three years for the business.

This process is normally referred to as a “think tank” for the business. Not every idea will be accepted, there will be a lot of debate and discussion about various issues but that's the whole idea of a “think tank” to have different ideas and opportunities compete for the commitment of businesses funds, before deciding on a decision.

There are many items to be considered over the course of a “think tank” including:

Financial Analysis

- How has the individual business components performed?
- What were the results compared to the budget?
- Has benchmarking been calculated against other similar businesses?

Products/Services

- How does the business' products or services compare to competitors' products or services?
- Are there any new products or services being developed?
- Have costing exercises been prepared on these new products/services?
- What is the scheduled launch date for the new products/services?
- Has a promotional budget been determined so that sufficient marketing and promotional activities are available to launch the new product/services into the market place?

Industry
<ul style="list-style-type: none"> What is happening in your industry? Is it in a growth phase or retreating phase? What changes are on the horizon? Is there any government action that is going to curtail the ongoing expansion of this industry?
Customers/Clients
<ul style="list-style-type: none"> Who are the customers/clients for this business? Do you regularly communicate with them? Do you get feedback from them on what they think about your products and services? What changes could be made to improve the level of services to customers/clients? Have you identified the key requirements that your customers/clients have for products or services being supplied to them by either your business or your competitors? Are you satisfied that you can meet the requirements of your customers/clients?
Location
<ul style="list-style-type: none"> Is your location suitable for the type of business that you are conducting in 2017? Do your customers/clients like your location? Is it still the most suitable place for you to be conducting your business? Do your team members like the location? Does your location affect your ability to hire outstanding staff?
Competitors
<ul style="list-style-type: none"> Have you prepared a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis on your competitors? Have you identified in which areas your competitors are better than your business? Have you identified the areas that your business performs better than your competitors? Are you confident that you have a good idea of what your competitors' future strategies are going to be? Are you confident that you will be able to continue to compete against them on a satisfactory basis?
Market Analysis
<ul style="list-style-type: none"> Have you conducted or commissioned an independent consultant to conduct a market analysis for your business as to how your business relates to your industry? Did that analysis identify new opportunities for your business? Were these opportunities in the local market that you currently service or were they identified as being in other locations or even overseas? Have you considered in some detail the results of the market analysis so that you have taken into account the market forecasts in the formulation of your strategies?
Marketing Plan
<ul style="list-style-type: none"> Have you commissioned the development of a Marketing Plan that is based on the market analysis and your sales expectation during the forthcoming year? Has your business developed a satisfactory Capability Statement that can be placed on your company's website and forwarded to potential customers? Are you satisfied that the Marketing Plan incorporates sufficient activities at a reasonable cost to be able to promote your business and its products/services to your current and potential customers?
Costing of Products/Services
<ul style="list-style-type: none"> Has your accountant prepared costing analysis not only on your current products/services but also on the products and services that you are giving consideration to in this business planning process? Has your business implemented ongoing review strategies to ensure that product/services costings are being reviewed on a regular basis throughout the year?
Business Pricing
<ul style="list-style-type: none"> Have you implemented appropriate reviews within your business to determine realistic retail pricing strategies, trades charge rates or professional charge out rates, depending on the type of business that you are operating so that all of the labour costs including labour on costs have been incorporated into the business pricing calculations as well as the direct material purchases and the business overhead costs and that a reasonable profit commensurate with the investment that has been made into your business has been incorporated into the business pricing schedule?

Staff
<ul style="list-style-type: none"> • Are you satisfied with the level of performance of your team? • Do you conduct regular team or toolbox meetings so that there is an open communication channel with the team? • Does your business conduct regular staff training for the team members? • Is there a need for any changes in the way that staff development is conducted within your business?
Periodic Financial Accounts
<ul style="list-style-type: none"> • Has your business been divided into the separate “operating activities” so that regular financial accounts are being prepared on those individual “operating activities”? • Are you receiving financial accounts prepared for management rather than the Australian Taxation Office on a monthly basis? • Have you or your accountant established Key Performance Indicators that relate to your individual business activities? • Do the managers of those individual business activities understand the financial accounts and the Key Performance Indicators? • If they do not understand this information have you listed this item as a key item to be determined in the business planning process?
Board of Directors/Advice
<ul style="list-style-type: none"> • Does your company operate a Board of Directors/Advice? • Is an Agenda prepared for each board meeting? • Do the management team members submit reports to the board meetings? • Are Minutes of the Directors’ Meeting and an Action Plan prepared promptly after each meeting and forwarded to the directors? • Does the company engage a consultant to advise the directors on corporate governance issues?
Risk Management
<ul style="list-style-type: none"> • Has the business implemented an appropriate risk strategy for this business?
Succession Planning
<ul style="list-style-type: none"> • Have the directors or senior management team prepared contingency plans in the event of a succession issue within the business? • Has the managing director reported to the Board of Directors or senior management team on an appropriate person to succeed him/her in the event of an emergency?
Capital Raising
<ul style="list-style-type: none"> • Is the business currently raising substantial loans from a bank or other financial institution? • If so, has consideration being given to examining the practicalities of the business or company raising capital as a “Crowd-Sourced Funding Company”? • Has any consideration being given to utilising section 708 of the <i>Corporations Act</i> to raise capital? <p>There are other key items that could be included in a business plan depending on the type of business being conducted. We will continue this article next month. If you have any questions on any aspect of the preparation of a Business Plan for your business, including assistance in facilitating the preparation of a business plan, please do not hesitate to contact us.</p>
Don’t Forget Early Stage Innovation Companies
<p>If your business operates via a company which is under three years old and the company has developed a new product process or service and you would like to raise capital from new shareholders so that you do not have to rely on bank borrowings, credit cards, loans from friends and relatives have you considered Early Stage Innovation Companies?</p> <p>The legislation for Early Stage Innovation Companies has been available since July 2016. The basic requirements are:</p> <ul style="list-style-type: none"> • company under three years old – but in some instances could be up to six years old; • the company has been involved in the development of a product, process or service; • expenditure in the previous financial year was less than \$1 million; • income in the previous financial year was less than \$200,000 excluding any Accelerating Commercialisation Grant income. <p>The company has to pass two out of three tests to qualify as an Early Stage Innovation Company. If you meet these general requirements it could be beneficial for you to have a discussion with us as to whether your company might qualify as an Early Stage Innovation Company.</p>

If you are interested in having a discussion with us about Early-Stage Innovation Companies please do not hesitate to contact us.

Overview of the Temporary Skill Shortage Visa – Part II

The Temporary Skill Shortage reforms have commenced and will be completed by March 2018. The program will be comprised of a “short term stream” of up to two years and a medium term stream of up to four years.

Key reforms include:

- New, more targeted occupation lists which the government believes better aligns with the skill needs in the Australian labour market.
- A requirement for visa applicants to have at least “two years work experience” in their skilled occupation.
- Employers must pay the Australian market salary rate and meet the Temporary Skilled Migration Income Threshold (TSMIT) (Set at \$53,900 as at 12 April 2016).
- Mandatory labour market testing, unless an international obligation applies.
- Capacity for only one onshore visa renewal under the short term stream.
- Capacity for visa renewal onshore and a permanent residence pathway after three years under the medium term stream.
- The permanent residence eligibility will be extended from two to three years.
- A requirement to pay a contribution to the Skilling Australians Fund – medium term stream payable in full at the time the worker is nominated: \$1,200 per year or part year for small businesses (with annual turnover of less than \$10 million) and \$1,800 per year or part year for other businesses.
- Permanent Employer-Sponsored Skilled Program the contribution will be payable in full at the time the worker is nominated.
- A one-off payment of \$3,000 for small businesses (those annual turnover of less than \$10 million) and \$5,000 for other businesses.
- Mandatory penal clearance certificate to be provided.
- Tightening eligibility requirements for employer sponsored permanent skilled visas including tightened English language requirements.
- A requirement for visa applicants to have at least three years work experience.
- Applicants must be under the maximum age requirement of 45 years at the time of application.
- The occupations lists that underpin the current 457 Visa scheme will be significantly condensed from 651 to 435 occupations, with 216 occupations removed and access to 59 other occupations restricted.

If you have any questions on any aspect of the government’s new scheme, please contact us.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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